

EXTRACT FROM COUNCIL MINUTES: 27 MARCH 2018

RESOLVED

that the following resolutions be approved and adopted in principle for public scrutiny and comment:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1 The annual budget of the municipality for the financial year 2018/19 containing multi-year and single-year appropriations as set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2
 - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
 - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.
 - 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1 Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
 - 1.2.2 Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
 - 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
 - 1.2.4 Asset management as contained in Section 4 of the annual budget report Table A9 and
 - 1.2.5 Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10
2. The Council of Swellendam Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other service charges as set out in Annexure A, in principle for public scrutiny and comment:
3. The Council takes cognisance of the draft SDBIP for 2018/19 and the draft performance agreements of the senior managers and that these documents be placed on the website.
4. That the following policies be approved in principle for public scrutiny and comment and the public invited to scrutinise it as placed on the website or at various municipal buildings and libraries:
 - (i) Rates Policy
 - (ii) Customer Care, Credit Control and Debt Collection Policy
 - (iii) Bad debt write-off Policy
 - (iv) Irregular Expenditure Policy
 - (v) Tariff Policy
 - (vi) Funding and Reserve Policy
 - (vii) Budget Policy
 - (viii) Banking, Cash Management and Investment Policy
 - (ix) SCM Policy
 - (x) Preferential Procurement Policy
 - (xi) Asset Management Policy
 - (xii) Petty Cash Policy
 - (xiii) Indigent Policy
 - (xiv) Borrowing Policy

Item number A39. 27.03.2018

DRAFT BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2018/2019

Report of the Director: Financial Services: Mr H Schlebusch

Department	Financial Services
Section	Financial Services
Proposed File Number	5/1/21

PURPOSE OF THE REPORT

To submit to Council the draft medium- term revenue and expenditure framework 2018-2019 and to make recommendations on the budget related policies.

FACTS AND BACKGROUND

In terms of section 16 (1) of the Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA), the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year. Section 16 (2) of the MFMA further stipulates that in order for a municipality to comply with subsection (1), the Mayor of the *municipality must table the annual budget at a council meeting* at least 90 days before the start of the budget year. Subsection 3 of section 16 stipulates that **Subsection (1)** does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

The documentation will be distributed as a separate document.

DISCUSSION

Draft Annual Budget

The Draft Annual Budget will be presented to Council for final approval in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) at the Council meeting scheduled for 31 May 2018.

The annual budget for the financial year 2018/19 contains multi-year and single-year appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

The annual budget as tabled for the financial year 2018/19 also contains the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets to be approved as set out in the following tables:

- Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
- Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;

- Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
- Asset management as contained in Section 4 of the annual budget report Table A9; and
- Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.

The proposed tariffs, charges and fees for 2018/ 2019 for property rates; electricity-; water-; sanitation; solid waste services and other service charges are as set out in Annexure A.

Budget related policies

The contents of the annual budget is set out in section 17 of the MFMA. In terms of section 17 (3) (e) if the MFMA the budget proposals must also contain proposed amendments to the budget related policies.

The following budget related policies exist currently and have been circulated by email to all Councillors as it is too costly to circulate printed copies.

1. Client services, Credit Control and Debt Collection Policy
2. Bad Debt Write-off Policy
3. Rates Policy
4. Banking, Cash Management end Investment Policy
5. Budget Policy
6. Funding and Reserve Policy
7. Tariff Policy
8. Indigent Support Policy
9. Supply Chain Management Policy Principles and Operational Systems
10. Preferential Procurement Policy
11. Petty Cash Policy
12. Irregular Expenditure
13. Asset Management policy
14. Borrowing Policy.

Amendments are proposed only in respect of the Tariff Policy, the Rates Policy and the Indigent Policy as follows:

Tariff Policy: please refer to red print.

Rates Policy: please refer to red print.

Indigent Policy: the amendments as reflected below have not been added to the policy yet and Council is requested to consider and pronounce on the proposal:

- The definition of a household will mean only the two main persons living on the property and only their income will determine whether the household qualify for indigent support;
- Indigent household: The household income may not exceed the total of 2x All Pay Pension support grant;
- Poor household: The total household income must not exceed 4X All Pay Pension support grant;

LEGAL REQUIREMENTS

Sections 16 tot 24 of the MFMA and the Municipal Budget and reporting regulations, 2008.

FINANCIAL IMPLICATIONS

As per the proposed budget and recommendations.

PERSONNEL IMPLICATIONS

As per the proposed budget and recommendations

COMMUNICATION IMPLICATIONS

In terms of the stipulations of section 21 and 34 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended and section 22 of the Local Government Municipal Finance Management Act, 2003 (56 of 2003) the proposed budget and related documents will be advertised and placed on the municipal website and provided to the ward committees for input, comments and objections.

The budget related policies will not be distributed. The advertisement will also contain the list of budget-related policies for scrutiny by the public. The budget related policies is open for inspection on the municipal website and can be made available to any member of the public.

RECOMMENDED

that the following resolutions be approved and adopted in principle for public scrutiny and comment:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1 The annual budget of the municipality for the financial year 2018/19 containing multi-year and single-year appropriations as set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2
 - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
 - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.
 - 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1 Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
 - 1.2.2 Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
 - 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
 - 1.2.4 Asset management as contained in Section 4 of the annual budget report Table A9 and
 - 1.2.5 Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.
2. The Council of Swellendam Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other service charges as set out in Annexure A, in principle for public scrutiny and comment:
3. The Council takes cognisance of the draft SDBIP for 2018/19 and the draft performance agreements of the senior managers and that these documents be placed on the website.
4. That the following policies be approved in principle for public scrutiny and comment and the public invited to scrutinise it as placed on the website or at various municipal buildings and libraries:
 - (i) Rates Policy
 - (ii) Customer Care, Credit Control and Debt Collection Policy
 - (iii) Bad debt write-off Policy

- (iv) Irregular Expenditure Policy
- (v) Tariff Policy
- (vi) Funding and Reserve Policy
- (vii) Budget Policy
- (viii) Banking, Cash Management and Investment Policy
- (ix) SCM Policy
- (x) Preferential Procurement Policy
- (xi) Asset Management Policy
- (xii) Petty Cash Policy
- (xiii) Indigent Policy
- (xiv) Borrowing Policy